

Message Text

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ACTION IO-14

INFO OCT-01 ADP-00 AF-10 ARA-16 EA-11 EUR-25 NEA-10 RSC-01

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FM USMISSION USUN NY

TO SECSTATE WASHDC 8859

INFO USMISSION GENEVA

C O N F I D E N T I A L USUN 2674

E.O. 11652: GDS

TAGS: AORG UN

SUBJ: UN BUDGETARY CURRENCY

REF: (A) GENEVA 3550, (B) USUN 2531, (C) GENEVA 3374

SUMMARY: ACCORDING TO ZIEHL REPORT BY ASSISTANT SECRETARY CCAQ ON EFFECTS CURRENCY INSTABILITY ON UN BUDGETS IS SUBJECT TO SUBSTANTIAL REVIEW AND REVISION BEFORE BEING FORWARDED TO ACABQ. SYG IS REPORTEDLY UNCERTAIN WHAT DIRECTION UN SHOULD TAKE AND HE INTENDS TO SEND US LETTER EMPHASIZING THAT ALL ASPECTS OF ISSUE WILL BE EXAMINED. THIS SHOULD OFFER US SUFFICIENT OPPORTUNITY TO PROTECT US INTERESTS AND ATTEMPT EASE THIS PROBLEM FOR UN.

1. UPON RETURN TO NY OF ZIEHL, ACTING HEAD UN OFFICE FINANCIAL SERVICES AND IN ABSENCE OF USYG DAVIDSON, MISOFFS RESUMED STAFF LEVEL DISCUSSIONS RE SUBJECT. ZIEHL ADVISED THAT REPORT ATTRIBUTED TO CCAQ WAS IN FACT "REPORT OF CCAQ ASS'T SECTY" FOR CONSIDERATION BY CCAQ. DUE TO TIME LIMITATIONS, CCAQ ITSELF ABLE ONLY TO MAKE MINIMUM CHANGES IN REPORT BEFORE SENT TO ACC. REPORT IS TO BE SUBSTANTIALLY REVISED TO TAKE INTO ACCOUNT ACC AND AGENCY COMMENTS BEFORE BEING
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SUBMITTED TO ACABQ. OPEN QUESTION WHETHER REVISED

REPORT WILL BE ISSUED WITH SYG COMMENTS (ACTING EITHER AS CHAIRMAN OF ACC OR AS UNSYG) AS GA DOCUMENT OR WITHOUT ANY COMMENT AS WORKING PAPER FOR ACABQ.

2. ZIEHL COMMENTED THAT IN HIS OPINION SYG WAS NOT AT ALL SURE WHERE UN WAS GOING ON PROBLEM OF FACING UP TO CURRENCY DEVALUATIONS. ON OTHER HAND, HE SAID THINKING IN ACC WAS THAT CCAQ REPORT SHOULD NOT COME DOWN HARD ON ANY ONE SOLUTION BUT RATHER POINT OUT VARIOUS ALTERNATIVES. SYG WAS PREPARING LETTER TO AMB SCALI, ACCORDING TO ZIEHL, RESPONDING TO EXPRESSIONS OF USG CONCERN CONVEYED TO SYG BY AMB BENNETT REPORTED REFTEL B. LETTER PRESUMABLY WILL EMPHASIZE THAT NO DECISIONS HAVE YET BEEN TAKEN ON SUBJECT AND VARIOUS PROPOSALS MADE THUS FAR MUST STILL BE THOROUGHLY EXAMINED.

3. MISSION INTENDS TO DISCUSS SUBJECT WITH DAVIDSON WITHIN WEEK AFTER HIS RETURN FROM LEAVE IN ORDER TO GET HIS READING OF SITUATION AND ASSURANCE THAT USG WILL BE CONSULTED AS DEVELOPMENTS UNFOLD. WE ALSO PREPARING DRAFT PAPER FOR DEPT CONSIDERATION ON HOW TO DEAL WITH QUESTION WHICH WILL BE TAKEN UP IN ACABQ EARLY IN SEPTEMBER.

4. COMMENT: REPORTS THAT DUAL CURRENCY SYSTEM (DOLLAR AND SWISS FRANCS) APPEAR TO HAVE CARRIED CONSIDERABLE FAVOR IN GENEVA ARE NOT PARTICULARLY ACCURATE IN SPITE OF SYG REMARKS IN REFTEL A AND WE HAVE IMPRESSION FROM ZIEHL THAT SUCH SOLUTION WOULD BE RESISTED WITHIN SECRETARIAT. ONE SOLUTION, APPARENTLY FAVORED WITHIN SECRETARIAT, WOULD BE ESTABLISHMENT OF A SPECIAL RESERVE FUND FOR CURRENCY FLUCTUATIONS. SINCE SITUATION STILL APPEARS TO BE VERY FLUID WE HAVE OPPORTUNITY TO COME UP WITH FAVORABLE SOLUTION FROM OUR POINT OF VIEW IN ORDER TO PROTECT STATURE OF DOLLAR AND AT SAME TIME MEET LEGITIMATE CONCERN WITHIN UN SYSTEM OVER INCREASED COSTS AND DIFFICULTIES IN ANTICIPATING SHIFTS IN DOLLAR.
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